

SCHOOL FUNDING COMMISSION: APRIL 4-5, 2016

Breakout #1: District Structure and Equity

- Some non-levy revenue has to be budgeted into the next year's general fund budget; some doesn't
- O&NG revenue is cyclical and inconsistent/volatile; in contrast, school block grant amounts are steady
- Resource development revenue: has to be "fair" (in terms of what is used at the local level vs. what is sent to the state)
- Equalization at the county level vs. the state level
- Keywords: consistency, stability
- Differences around the state in curriculum/course offerings
- Policy point: should the non-levy revenue (or at least the non-volatile block grant portion) be included in the GTB calculation and distribution?
- Analysis of winners and losers, e.g. if you lower the DSA area and increase the GTB area – you will still have an impact on taxpayers (esp. property taxpayers?) – likely to have a greater impact on rural taxpayers vs. taxpayers in cities
- One Idea to Address Equity: address state equity through figuring out the necessary increase in statewide millage to pay for the BASE budget, find a new form of tax to address the difference in mills to get to the equity level (so it isn't property tax) (and then perhaps 10-15% more to address adequacy issues as well?)

Attendees: Sen. Elsie Arntzen; Comm. Patricia Hubbard; Comm. Dave Lewis; Janelle Mickelson; Nicole Thuotte; Nancy Hall; Kirk Miller; Rep. Kathy Kelker; Rep. Debra Lamm; Sen. Matt Rosendale; Laura Sankey

Breakout #2: School Facilities

- Any money raised by a gas tax should be directed into roadways only
- Local districts exploring a local gas tax (local option gas tax to spend on (only) roads?)
- Some communities have been able to pass local facility level, but others are at a level of "desperation" – many schools applied for QSFGP but never won a grant, no grants made this year; money to schools has to be significant enough amount to make a realistic difference (QSFGP at \$11 mil./biennium not enough to address needs); a lot of upfront planning, time, costs, for an application not likely to be funded
- Grant program vs. formula-based distribution
- Operations? Maintenance (aka depreciation)? Construction/new facilities? Define these needs and fund them separately. Out of all existing funds, none apply to build up a building maintenance fund/reserve (c.f. TSEP program takes into account some local contribution).
- Bonds = new building, major upgrade. Maintenance (roofs, flooring, boilers, parking lots) = more of a building reserve discussion (vs. bonding or general fund); mechanisms that exist that

could be tweaked, rather than creating something new? Give districts the ability to save funds (exclusively) for (deferred) maintenance; transfer general fund balance into a maintenance fund

- Resort tax/local tax vs. statewide sales tax – a way to structure a consumption-based local tax package?
- Facilities Condition Inventory (MSU) – a tool for districts to use to compare current conditions against 2008 facility inventory

Attendees: Sen. Elsie Arntzen; Comm. Patricia Hubbard; Comm. Dave Lewis; Bob Story; Bob Vogel; Pat Audet; Denise Williams; Nancy Hall; Rep. Debra Lamm; Sen. Matt Rosendale; Laura Sankey